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Karen Howard
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY 41465

December 21, 2005

CERTIFICATE OF SERVICE

RE: Case No. 2005-00524
Sigma Gas Corporation, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 21, 2005.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY) CASE NO.
FILING OF SIGMA GAS CORPORATION) 2005-00524

O R D E R

On October 27, 1998, in Case No. 1998-00244, the Commission approved rates for Sigma Gas Corporation ("Sigma") and provided for their further adjustment on a quarterly basis in accordance with Sigma's gas cost adjustment ("GCA") clause.¹

On December 8, 2005, Sigma filed its proposed GCA to be effective January 1, 2006. Sigma requests a waiver of the 30-day notice period. The city of Salyersville is now operating the Sigma system and is unfamiliar with the Commission's filing requirements. Because of this unfamiliarity, the operators were unable to file the GCA with a 30-day notice. As KRS 278.180 permits the Commission to shorten the required notice period for good cause, the Commission finds the request should be granted.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Sigma's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Sigma's notice sets out an Expected Gas Cost ("EGC") of \$12.745 per Mcf, which is a decrease of \$1.7454 per Mcf from its prior EGC of \$14.4904.

¹ Case No. 1998-00244, The Petition of Sigma Gas Corporation for Adjustment of Rates.

3. Sigma's notice sets out no current refund adjustment.

4. Sigma's notice sets out a current quarter actual adjustment ("AA") of .5 cent per Mcf. Sigma used an incorrect EGC in calculating its AA. Correcting for this produces a current quarter AA of 6.1 cents per Mcf. Sigma's total AA is (8.61) cents per Mcf, which is an increase of 7.2 cents per Mcf from its previous total AA.

5. Sigma's notice sets out a current quarter balance adjustment ("BA") of (.41) cent per Mcf. Sigma's notice sets out a total BA of 7.63 cents per Mcf, which is an increase of 1.09 cents per Mcf from its previous total BA.

6. Sigma's gas cost recovery rate is \$12.5826 per Mcf, which is a decrease of \$1.6625 per Mcf from its previous rate of \$14.2451.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Sigma on and after January 1, 2006.

IT IS THEREFORE ORDERED that:

1. Sigma's proposed rates are denied.

2. Sigma's request to shorten the period in which it must provide notice of the proposed adjustment from 30 days to 20 days is granted.

3. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 1, 2006.

4. Within 20 days of the date of this Order, Sigma shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 21st day of December, 2005.

By the Commission

ATTEST:

Executive Director

Case No. 2005-00524

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00524 DATED December 21, 2005.

The following rates and charges are prescribed for the customers in the area served by Sigma Gas Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

| | <u>Base Rate</u> | <u>Gas Cost Recovery</u> | <u>Total</u> |
|--------------------------|------------------|--------------------------|--------------|
| First Mcf (Minimum Bill) | \$6.25 | \$12.5826 | \$18.8326 |
| All Over 1st Mcf | \$4.5522 | \$12.5826 | \$17.1348 |